

May 14, 1998

Nancy-Ann Min DeParle
Administrator
Health Care Financing Administration
Hubert H. Humphrey Building
200 Independence Avenue, SW
Washington, DC 20201

Dear Ms. DeParle:

The American Society of Internal Medicine (ASIM), representing the nation's largest medical specialty, opposes the Health Care Financing Administration's (HCFA) instructions to its intermediaries and carriers contained in its January 9, 1998 "Fiscal Year 1998 Budget and Performance Requirement Reductions--ACTION" program memorandum. It is totally inappropriate for HCFA to direct carriers to stop mailing acknowledgments of voluntary refunds, suppress explanation of Medicare benefits (EOMB) forms for claims with no beneficiary liability, use automated response units as the sole means for handling provider claim inquiries, and reduce the frequency in which they pay providers. ASIM also opposes the Administration's proposals that mandate that providers pay user fees to the Medicare program.

ASIM believes that the cost-cutting approach outlined in the January 9 memorandum--and being practiced by some carriers--is misguided as it is detrimental to beneficiaries and physicians. ASIM is concerned that HCFA has eliminated services that are valuable to beneficiaries just to save money. Depriving providers of the ability to speak with a carrier representative is not only frustrating for physicians, but it can generate additional overall expenses by forcing lengthy exchanges of correspondence between physicians and carrier personnel regarding claims issues that otherwise might have been resolved in a single phone call. Delaying payments to physicians and other providers to fund program operations places an undue financial burden on these providers. ASIM strongly objects to the directive that carriers slowdown payments.

The January 9 memorandum indicates that HCFA wants carriers to slowdown payments of claims even though they may have to pay interest on such claims. This is especially troubling considering that the interest HCFA generates by holding on to the money longer could offset the interest it is liable to make on late payments. Under this scenario, HCFA has no incentive to ensure that its contractors make timely payments to providers. Beneficiaries and physicians rely on Medicare to honor its debts in a timely manner. Physicians are not afforded the same opportunity to delay repaying Medicare once they have been notified that they received an overpayment--the carrier will simply withhold the overpayment amount from a physician's future payments. Additionally, the public's confidence in Medicare will be undermined if HCFA fails to meet its payment obligations for the purpose of saving money. In fact, it sets a dangerous precedent that could be followed by other government agencies when facing budgetary problems or simply looking to save money.

The January 9 memorandum also threatens HCFA's ability to adequately evaluate the performance of its carriers. Instructing carriers to withhold services that their contracts specifically require them to provide is illogical. Will a carrier's performance be judged as deficient by HCFA because it failed to meet the established standard for paying on clean claims at the agency's request? Do HCFA's instructions exempt carriers from meeting other established performance standards? Are HCFA's current standards for evaluating carrier performance still relevant?

The January 9 memorandum states that HCFA recognizes that it is eliminating services that "both the beneficiary and provider communities have come to expect of Medicare." HCFA must also

recognize that these instructions are an inappropriate way to address the problem of inadequate funding for carrier operations. ASIM views any proposal that unfairly disadvantages physicians and other providers and potentially dissuades them from treating Medicare patients as short-sighted and disruptive to the Medicare program.

Similarly, ASIM opposes the Administration's "user fees" proposal that is included in the President's fiscal year 1999 budget. Not only is it unreasonable for physicians to fund Medicare operations that are the responsibility of the federal government, these proposals threaten beneficiary access to health care by penalizing physicians for treating Medicare patients. The initiation of a \$100 enrollment fee and a \$25 re-enrollment charge discourages physicians from participating in Medicare. Imposing a \$1.00 fee for each paper claim submitted is most likely to adversely affect physicians who practice in underserved areas. Deterring physicians from practicing in underserved areas will exacerbate access problems.

A \$1.00 fee for each duplicate and unprocessable claim is inherently unfair in this era of complex, ever-changing Medicare rules that often result in carrier errors. For example, would a carrier impose a \$1.00 duplicate claim-fee on each physician claim for Current Procedural Terminology (CPT) code 81002 that was resubmitted by a physician after it was inappropriately denied because of a mistake in Medicare's Correct Coding Initiative edits?

ASIM recognizes that the additional responsibilities of implementing the relevant provisions of the Health Insurance Portability and Accountability Act of 1996 and the Balanced Budget Act of 1997 have further strained HCFA's financial resources. HCFA should not attempt to resolve its funding problems by decreasing services to beneficiaries and physicians or by forcing physicians to pay user fees to the program. ASIM has asked Congress to adequately fund HCFA's operations so it is able to implement new laws while meeting its obligations to beneficiaries and physicians.

ASIM urges HCFA to rescind its January 9, 1998 program memorandum. ASIM also recommends that the Administration drop its user fee proposal. Abandoning these proposals is necessary to maintain beneficiary and physician confidence in the Medicare program.

Sincerely,

Alan Nelson, MD
Executive Vice President